

VII. Footnotes Under Statements 34

Statement 34 changes the footnotes to the financial statements slightly. Certainly the fixed assets and long-term debt footnotes are more meaningful under the new reporting model. It should be noted though, that GASB has been working for years to review, revise and update the note disclosures in governmental financial reporting. The note disclosure project is currently in exposure draft form from GASB. The final release of a note disclosure statement should come as early as the **first quarter of 2001. Dates of implementation match the implementation of GASB 34.**

Ongoing current disclosures, absent GASB 34 must include the following, if applicable:

- Description of your reporting entity
- Description of the items presented and the basis of accounting
- Budgetary data – **NOT REQUIRED, UNLESS YOU ARE A GOVERNMENTAL ENTITY, BUT POTENTIALLY HELPFUL TO YOUR ENTITY.** If included, report as “other supplementary information.”
- Deficits
- Cash deposits and investments
- Receivables
- Capital Assets
- Restricted Assets
- Payables
- Lease obligations
- Debt
- Pension obligations (not applicable if in the Commonwealth’s system.)
- Post-employment benefits other than pensions
- Restatements of prior years
- Joint ventures
- Related organizations
- Related party transactions
- Contingencies and commitments
- Subsequent events.

A checklist of basic footnotes to meet the minimum standards of GASB 34 has been included in the appendix (Appendix E.) The footnotes are similar to current practice with some modifications to what is listed above. As a general reference to paragraphs in GASB 34, the table in the appendix lists those required footnote disclosures.

The note disclosure project is focused on a number of major topics in four major areas. The Board is tackling the descriptions of the funds themselves, the aging process of accounts receivable, transfers in and out and inter-fund advances that will not be repaid within a year. In addition, there are ongoing discussions about:

- Deposits and investments
- How component units are disclosed
- Risk management, including custodial credit risk
- Construction and significant commitments
- Components of financial statement balances
- Inter-fund balances and transfers
- Violations of finance-related legal and contractual provisions
- Cash flow.

Concluding Remarks

Our common goal is to implement Statement 34 as smoothly as possible in the timeframe specified in the statements. We appreciate your continued support and look forward to working with your organization to accomplish our common goal. Our expectations from you are not difficult to accomplish. The General Purpose Financial Statements, the Management's Discussion and Analysis, a Statement of Cash Flows are items that some of the entities are already doing. Most of the entities are depreciating as well. If you feel that your entity should be reported using the governmental measurement focus and basis of accounting, please talk to us in the Comptroller's Office immediately. Please also refer to the table in back listing the differences between the bases of accounting. You may want to reconsider your position.

The new reporting model presents an exciting opportunity for governments of all sizes and types. Government will become more accountable, with easier to understand financial statements that are more comparable to private entities. For those unprepared, it will be a challenge to implement the provisions of the statements. For others, implementation of GASB 34 is an opportunity to improve old ways of presentation. Some forward thinking practitioners have said that GASB 34 are "transition" statements to a more "popular reporting view." The more popular reporting view – a view easy to understand by the general public-- includes service efforts and accomplishments reporting. For example, the public will want to know how your customers are succeeding in comparison to the amount of appropriations and operating dollars received.

Our Component Units are very important parts of the operations of the Commonwealth. We welcome your support in this endeavor and we in the Comptroller's Office and your outside auditors are here for you to help you make this transition.